The

OGILVIE FLOUR MILLS

COMPANY LIMITED

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ANNUAL REPORT

For the Year Ended 31st August

1942

The OGILVIE FLOUR MILLS COMPANY LIMITED

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FOUNDED 1801

Head Office: MONTREAL, P.Q.

Mills at

MONTREAL FORT WILLIAM WINNIPEG

MEDICINE HAT EDMONTON

ANNUAL REPORT

For the Year Ended 31st August

1942

To the Shareholders of

THE OGILVIE FLOUR MILLS COMPANY, Limited

Your Directors present herewith the Balance Sheet and Profit and Loss Account of the Company for the year ended August 31st, 1942, certified by your auditors, Messrs. Creak, Cushing & Hodgson.

Profits for the year, after all charges for administration, maintenance and depreciation, and after making provision for taxes estimated to be payable, amounted to.....		$812,396.60
out of which dividends were paid, or reserved for payment, as follows:		
$7.00 per share on the Preferred Stock.....	$140,000.00	
$1.00 per share on the Common Stock.....	600,000.00	740,000.00
leaving a balance of.....		$ 72,396.60

which was carried forward to Earned Surplus Account.

Operating earnings increased over the previous fiscal year, which, after adding investment and special income and deducting increased depreciation and income and excess profits taxes, resulted in slightly higher net profits than a year ago.

The investment portfolio was reduced during the year by the sale of some securities in order to provide funds for necessary capital expenditures. There was also a decline in security values generally. This had the effect of narrowing the spread between the book value and the market value of the remaining securities, but, as the Balance Sheet shows, there was still a substantial margin which has not been taken into our accounts in any way.

Our grain storage facilities, which were greatly increased in the two previous years, were used practically to capacity throughout the year. A recently imposed reduction in handling and storage charges for the current year will, however, curtail future earnings from this source.

Financing of wheat purchased at country elevators for account of the Canadian Wheat Board pending delivery at terminals, coupled with congestion throughout the entire elevator system, had the effect of keeping our loan figures at higher levels than in normal years.

Depreciation, which reached a peak figure of almost $485,000., will not be so heavy in future, as the write-off of country elevator annexes has now been completed. The terminal annex at Fort William has not, however, as yet been completely written off.

On the other hand, federal taxes will be proportionately greater in future than the amount set aside this year would

indicate, as the new provisions of the Excess Profits Tax Act were only applicable to two months of our fiscal period.

Deferred Charges constitute a new item in the Balance Sheet and are shown separately because they are heavier than usual, due to a change in the method of paying insurance premiums.

Additions to Capital Account were heavy, covering the first stage in the modernization of our flour milling facilities at Montreal. The work necessary to complete our plans in this respect cannot be carried to conclusion until the war is over.

The volume of domestic business was well maintained throughout the year, with conditions in home markets subject to an ever-increasing degree of government controls.

The volume of export business in flour declined slightly as compared with the previous year and there was also a falling off in the exports of rolled oats. War conditions tend to create an uneven and unpredictable volume of export business, but the immediate outlook for the current fiscal year is for a further reduction.

The feed plants operated almost to capacity in meeting an increased demand for feeds of all classes, consequent upon expanding production of agricultural and dairy products, including cattle, hogs, poultry, etc.

The Canadian cereal harvests of 1942 broke all production records in spite of a reduction in the area sown to wheat.

Unfortunately, however, the early harvesting weather was far from favourable. Rain, frost, and in some areas snow, caused damage to both cut and uncut crops. This retarded harvesting operations, which were further delayed by a shortage of labour.

Milling the new crop will present some difficulties, but fortunately there is an ample carry-over of high quality wheat from previous crops.

One hundred and forty-four members of our staff are now serving Canada and the Empire in the Navy, the Army and the Air Force, and they are greatly missed throughout the organization. Appropriate allowances are being made to men who are earning less in the services than they were with the Company, in addition to which provision is being made for the re-employment of those who return to civilian life when the war is over.

Your Directors feel that special mention should be made of the loyal and efficient services rendered by all employees of the Company under the most difficult operating conditions which have been experienced in our long history.

Submitted on behalf of the Board,

CHARLES A. DUNNING,
President.

Montreal, November 2nd, 1942.

THE OGILVIE FLOUR M

BALANCE SHEET,

ASSETS

CURRENT ASSETS:			
Cash		$ 26,174.74	
Accounts Receivable, less Reserve		2,080,664.33	
Stocks of Wheat (including Wheat purchased for account of The Canadian Wheat Board), Flour, Rolled Oats, Coarse Grains and Bags, as determined and certified by responsible officials of the Company. Company's Stocks valued at cost or under and not above market value at this date, less Reserve		4,367,921.34	
Investments:			
Bonds, Preferred and Common Stocks	$2,236,753.49		
Shares in and amounts owing by wholly owned Subsidiary Companies (the assets of which consist of marketable securities):			
Shares..... $ 155,000.00			
Amounts owing... 2,009,083.43			
	2,164,083.43		
		*4,400,836.92	
			$10,875,597.33
OTHER ASSETS:			
Investments in partly owned Subsidiary Companies:			
Shares, less Reserve	476,344.03		
Amounts owing	36,646.92		
		512,990.95	
Other Investments and Mortgages, less Reserve		682,055.51	
Refundable Portion of Excess Profits Tax		6,816.00	
			1,201,862.46
DEFERRED CHARGES:			
Prepaid Expenses			134,266.50
FIXED ASSETS:			
Real Estate, Developed Water Powers and Mill Plants in Montreal, Fort William, Winnipeg, Medicine Hat and Edmonton; Terminal Elevator at Fort William and Country Elevators in Manitoba, Saskatchewan and Alberta; Property in Montreal, Ottawa, Toronto, Calgary and Vancouver; at predecessor Company's net book value of 1924, with additions at cost; Temporary Elevator Annexes, at cost less amounts written off; Motor Trucks, Office Furniture and Equipment, at cost less Reserve		8,518,867.59	
Less Reserve for Depreciation		4,376,923.16	
			4,141,944.43
GOODWILL, TRADE MARKS, PATENT RIGHTS, ETC.			1.00
			$16,353,671.72

*Fair Market Value $7,185,000.00.

Approved on behalf of the Board:

CHARLES A. DUNNING } *Directors.*
H. MONTAGU ALLAN }

LLS COMPANY, LIMITED

31st AUGUST, 1942

LIABILITIES

CURRENT LIABILITIES:			
Loans (Secured)		$2,022,990.80	
Accounts Payable		1,176,397.61	
Provision for Taxes		511,440.00	
Provision for Dividends Payable		185,000.00	
			$ 3,895,828.41
PREFERRED STOCK:			
Authorized, Issued and Fully Paid:			
20,000 Seven per cent Cumulative Preferred Shares of $100.00 each			2,000,000.00
COMMON STOCK AND SURPLUS:			
Common Stock:			
Authorized, Issued and Fully Paid: 600,000 Shares of No Par Value		2,500,000.00	
Rest Account	$5,000,000.00		
Excess Profits Tax Refundable	6,816.00		
Earned Surplus:			
Balance as per Statement attached	2,951,027.31		
		7,957,843.31	
			10,457,843.31
CONTINGENT LIABILITY:			
Customers' Sterling Bills under discount	$ 821,379.05		
			$16,353,671.72

Signed for identification with our certificate of this date.

CREAK, CUSHING & HODGSON,
Chartered Accountants,
Auditors.

MONTREAL, OCTOBER 15TH, 1942.

BALANCE SHEET

THE OGILVIE FLOUR MILLS COMPANY, Limited

PROFIT AND LOSS ACCOUNT

For the Year Ended 31st August, 1942

Earnings from Operations after Selling and General Expenses but before deductions enumerated below		$1,255,118.78
Less Depreciation on Buildings and Machinery including special Depreciation on Temporary Elevator Annexes		484,970.13
		770,148.65
Add:		
Investment Income (Net)	$ 336,662.22	
Dividends from wholly owned Subsidiary Companies	266,000.00	
Net Profit on Investments Sold	66,826.24	
		669,488.46
		1,439,637.11
Deduct:		
Provincial and Municipal Taxes	156,171.98	
Legal Expense	1,996.81	
Contribution to Benefit Fund	30,000.00	
Remuneration of Executive Officers	120,285.10	
Remuneration of Directors	18,786.62	
		327,240.51
		1,112,396.60
Deduct:		
Provision for Income and Excess Profits Taxes including refundable portion of Excess Profits Tax		300,000.00
Net Profit for year, carried to Statement of Earned Surplus		$ 812,396.60

Statement pursuant to Section 113, The Companies Act, 1934:
The total remuneration received by Officers and Directors from the Subsidiary Companies amounted to $12,999.78.

STATEMENT OF EARNED SURPLUS

For the Year Ended 31st August, 1942

Balance at 31st August, 1941		$2,878,630.71
Add:		
Net Profit for the year, as per Profit and Loss Account		812,396.60
		3,691,027.31
Deduct:		
Dividends for the year ended 31st August, 1942:		
On Preferred Stock	$140,000.00	
On Common Stock	600,000.00	
		740,000.00
Balance as per Balance Sheet		$2,951,027.31

AUDITORS' CERTIFICATE

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OCTOBER 15TH, 1942.

To the Shareholders,

THE OGILVIE FLOUR MILLS COMPANY, Limited

We have audited the books of The Ogilvie Flour Mills Company, Limited, for the year ended 31st August, 1942, and report that we have verified the Cash on hand, the Bank Balances and all Securities; that we have obtained all the information and explanations which we have required; and that, in our opinion, the attached identified Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Company.

In accordance with Section 114 of The Companies Act, 1934, we further report that the profits of the Subsidiary Companies for the year have been included in the attached accounts to the extent of the dividends received by The Ogilvie Flour Mills Company, Limited.

CREAK, CUSHING & HODGSON,
Chartered Accountants,
Auditors.

THE OGILVIE FLOUR MILLS COMPANY, Limited

DIRECTORS, OFFICERS and BRANCH MANAGERS

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DIRECTORS

Sir Montagu Allan, C.V.O.	Mr. G. A. Morris
Mr. R. R. Dobell	Mr. F. K. Morrow
Hon. Charles A. Dunning	Mr. Sidney T. Smith
Mr. Beaudry Leman	Mr. A. Murray Vaughan
Mr. Ross H. McMaster	Mr. Morris W. Wilson

OFFICERS

President - - - - - - - - - - - - - - - Hon. Charles A. Dunning

Vice-President and General Manager - - - - Mr. G. A. Morris

Assistant General Managers - - - - - - - - - Mr. H. N. Davis, Mr. H. Groom

Treasurer - - - - - - - - - - - - - - - - Mr. J. C. McLaughlin

Secretary - - - - - - - - - - - - - - - - - Mr. H. K. Hepburn

Assistant Secretary-Treasurer - - - - - - - - Mr. H. Cranfield

BRANCH MANAGERS

Mr. H. Sellers, Western Manager, Winnipeg

Mr. T. G. Crawford, Ontario Manager, Toronto

Mr. V. W. Maclean, Division Manager, Fort William

Mr. E. B. Frost, Division Manager, Winnipeg

Mr. A. Atkins, Division Manager, Medicine Hat

Mr. E. G. Ellerton, Assistant Division Manager, Edmonton

TRANSFER AGENT

The Royal Trust Company, Montreal

REGISTRAR

Montreal Trust Company, Montreal

DIRECTORS AND OFFICERS